

Public Purpose/Impact Analysis

Title of Project: 1501 North Decatur Disposition and Development Agreement

Project Description: The Las Vegas Redevelopment Agency ("RDA") and the City of Las Vegas ("City") propose to sell to Alpha Omega Strategies, Inc. ("AOS") the real property located at 1501 North Decatur ("Agency Property") and property adjacent to 1501 North Decatur along Westmoreland and Laurelhurst ("City Property") for the development of at least 600 affordable age-restricted housing units with 50,000 sq. ft. of retail. Upon acquisition by AOS of the Agency and City Property, AOS will be required to build an age-restricted housing project. The Agency and/or City will be able to re-enter and repurchase the site if AOS fails to proceed with development of the age-restricted housing project in compliance with the contract timeline. AOS is a Nevada for-profit corporation.

Sponsor/Developer: Alpha Omega Strategies, Inc.

Assistance Provided by: Las Vegas Redevelopment Agency and City of Las Vegas

Number of Direct Jobs Created: 350

Number of Indirect Jobs Created: Undefined

Number of Direct Jobs Retained: Undefined

Pertinent Statutes Used for Public Purpose:

N.R.S. 279, N.R.S. 244, N.R.S. 266, N.R.S. 268

How Does the Project Benefit the Public:

Per Resolution, the Agency and the City have determined that the buildings, facilities, structures or other improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located, and that no other reasonable means of financing are available for the project. The Agency and the City believe that the AOS development is likely (1) to encourage the creation of new business or other appropriate development; (2) increase local revenues (property tax revenue and sales tax revenue) from desirable sources; (3) increase levels of human activity in the area around the project; and (4) demonstrate greater social benefits to the community than would a similar set of improvements not supported by the Agency.

Quantitative Economic Benefits:

The total economic impact to the Agency and the City is estimated \$3,924,571. (See Economic Impact Analysis below for the basis of this estimate.)

Private Investment:

Approximately \$62,000,000.

Public Investment*:

The land acquisition cost contribution of approximately \$2,172,800 or \$3,536,000
Total land acquisition cost of \$8,522,800 and highest appraised value of \$10,036,000 less
the purchase price of \$6,500,000

Total direct Economic Impact:

Annual property tax increment to the Agency in the amount of \$622,680.

Total Indirect Economic Impact:

Ancillary.

Economic Impact Study Performed: Yes ☒ No ☐

Return on Investment Analysis Performed: Yes ☒ No ☐

* The Public Investment from the RDA and the City is the difference between the acquisition cost of the property by the RDA and the City and the appraised value of the property as shown below:

The RDA acquisition and demolition costs of 1501 North Decatur are \$3,300,000 or \$7.61 per square foot. The City acquisition and demolition cost for the Westmoreland and Laurelhurst properties is \$5,372,800 or \$36.49 per square foot. The combined total costs are \$8,672,800 or \$14.93 per square foot.

The values from two recent appraisals for the 1501 North Decatur property are \$6,980,000 and \$7,410,000 or \$16.10 and \$17.10 per square foot.

The values from two recent appraisals for the Westmoreland and Laurelhurst properties are \$2,626,000 and \$1,780,000 or \$17.68 and \$11.99 per square foot.

The combined high appraised value is \$10,036,000 or \$16.53 per square foot.

The difference between the combined costs and the highest appraised value for the properties is \$3,536,000. This amount represents the combined RDA and City investment in the Project.

Economic Impact Analysis

The economic impact of the project currently under contract with the AOS is as follows:

650 age-restricted affordable rental housing units	
55,000 commercial retail	\$55,768,057
Estimated Total Construction Cost, current AOS project	<u>\$55,768,057</u>

Total land investment	<u>\$6,500,000</u>
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Estimated total project cost	<u>\$62,268,057</u>
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Total Annual tax increment from the project (approximate)	\$ 622,680
Annual 18% Affordable Housing Set Aside (approximate)	\$ 112,082
Potential TIF Rebate to AOS (approximate)	\$ 255,299
Annual remainder of tax increment to the Agency (approximate)	\$ 255,299

Present value of the total 18% Set-Side and remainder to the Agency over 20 years \$3,924,571. The sum of the tax return to the Agency and the affordable housing set aside is greater than the \$2,172,800 write down on the land cost.